CERES GLOBAL

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table of Contents

This Management's Discussion and Analysis ("MD&A") dated May 8, 2019 should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements for the three-month and nine-month periods ended March 31, 2019 of Ceres Global Ag Corp. ("Ceres", the "Corporation", "we", "our", and "us"), and the Corporation's audited Consolidated Financial Statements for the year ended June 30, 2018 (the "Annual Consolidated Financial Statements"). Additional information about Ceres filed with Canadian securities regulatory authorities, including the quarterly financial statements and MD&A, and annual report and the annual information form, is available online at www.sedar.com.

Basis of Presentation
Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Unless otherwise indicated, dollar amounts are expressed in United States dollars ("$" and "USD") and references to "CAD" and "C$" are to Canadian dollars.

Non-IFRS Financial Measures
This MD&A contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS. These measures include "EBITDA" (Earnings before interest, income tax, depreciation and amortization), "Adjusted net income" and "Return on shareholders' equity", none of which have a standardized meaning under IFRS. See "Non-IFRS Financial Measures and Reconciliations."

Risks and Forward-Looking Information
The Corporation's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described in "Key Assumptions & Advisories".

This MD&A contains forward-looking information based on the Corporation's current expectations, estimates, projections and assumptions. This information is subject to a number of risks and uncertainties, including those discussed in this MD&A and the Corporation's other disclosure documents, many of which are beyond the Corporation's control. Users of this information are cautioned that actual results may differ materially. See "Key Assumptions and Advisories" for information on material risk factors and assumptions underlying the Corporation's forward-looking information.

1. FINANCIAL AND OPERATING SUMMARY

	Three Months Ended March 31,		Nine Months Ended March 31,	
(in thousands of USD except per share)	**2019**	2018	**2019**	2018
Revenues	**$ 90,594**	$ 98,106	**$ 303,656**	$ 318,314
Gross profit (loss)	**$ 3,223**	$ 2,399	**$ 11,353**	$ 9,745
Income (loss) from operations	**$ 477**	$ (933)	**$ 1,430**	$ 751
Net income (loss)	**$ (1,240)**	$ (1,802)	**$ (14,912)**	$ (2,382)
Basic weighted average common shares outstanding	**27,934,991**	27,934,991	**27,934,991**	27,920,760
Diluted weighted average common shares outstanding	**28,121,924**	27,934,991	**28,059,349**	27,920,760
Income (loss) per share - Basic	$ (0.04)	$ (0.06)	$ (0.53)	$ (0.09)
Income (loss) per share - Diluted	$ (0.04)	$ (0.06)	$ (0.53)	$ (0.09)
As at:				
Total assets	**$ 220,810**	$ 208,166	**$ 220,810**	$ 208,166
Total bank indebtedness, current	**$ 46,675**	$ 29,864	**$ 46,675**	$ 29,864
Term loan (1)	**$ 19,583**	$ 11,608	**$ 19,583**	$ 11,608
Shareholders' equity	**$ 131,584**	$ 147,116	**$ 131,584**	$ 147,116
Return on shareholders' equity (2)	-0.9%	-1.2%	-11.3%	-1.6%

(1) Includes current portion of term loan.
(2) Non-IFRS measure. See Non-IFRS Financial Measures and Reconciliations section.

HIGHLIGHTS FOR THE QUARTER ENDED MARCH 31, 2019

- Income from operations and EBITDA both increased compared to the third quarter of 2018; adjusted net income was lower because of the non-cash amortization of intangible assets from the acquisition of Natures Organic Grist, LLC on July 11, 2018.
- Financial results, while improved from a year earlier, were negatively impacted by railroad service issues caused by extreme flooding in the Midwest and sustained sub-zero temperatures in Canada.
- On February 14, 2019, the Corporation amended its revolving credit facility, increasing its revolving credit limit from $67.5 million to $80 million and providing increased flexibility and funding for operations.
- Significant progress was made on growth-based initiatives in both core grains and supply chain services, moving the Corporation closer to increasing its origination infrastructure and increasing revenue generated at its Northgate site.

Who We Are

Through our network of commodity logistics centers and team of industry experts, Ceres procures and provides North American agricultural commodities and value-added products, industrial products, fertilizer, energy products and reliable supply chain services to customers worldwide.

Ceres operates six locations, Duluth, Minnesota; Minneapolis, Minnesota; Shakopee, Minnesota; Northgate, Saskatchewan; and Port Colborne, Ontario; Savage, Minnesota (Savage Riverport, LLC) and is headquartered in Minneapolis, MN. Our facilities throughout North America have an aggregate grain and oilseed storage capacity of approximately 29.7 million bushels.

Ceres has a 50% interest in Savage Riverport LLC, a joint venture with Consolidated Grain and Barge Co. (“CGB”), and a 25% interest in Stewart Southern Railway Inc. (“SSR”), a short-line railway located in southeast Saskatchewan with a range of 130 kilometers, and a 17% interest in Canterra Seed Holdings Ltd. (“Canterra”), a Canadian-based seed development company.

Grain Division

The Corporation’s Grain Division is engaged in procurement and merchandising of specialty grains and oilseeds such as hard red spring wheat, durum wheat, oats, barley, rye, canola and pulses through six grain storage and handling facilities in Minnesota, Saskatchewan and Ontario. Two of the grain storage facilities are located at deep-water ports in the Great Lakes allowing access to vessels, and another facility is located on the Minnesota River with capacity to load barges for shipment down the Mississippi River to export terminals in New Orleans, combining to provide Ceres with efficient access to export and import flows of our core grains and oilseeds to global markets. Approximately 24.8 million bushels of the Corporation’s facilities are “regular” for delivery for both spring wheat against the Minneapolis Grain Exchange futures contract and oats against the Chicago Board of Trade futures contract. In addition, spring wheat and oats sourced by the Corporation out of Canada are eligible for delivery against respective futures contracts.

In 2014, the Corporation commenced its operations at its Northgate Logistics Center (“Northgate” or the “NLC”) an approximately CAD $100 million state-of-the-art grain, oil, natural gas liquids and fertilizer terminal. As part of its grain operations, the Corporation contracts grain and oilseed purchases from Western Canadian producers that are delivered by truck and unloaded at Northgate’s grain elevator. Ceres has the option of storing the grain on-site, loading it into outbound railcars to end-users, or shipping it to the Corporation’s other facilities to take advantage of the value and strategic location of its current asset base. The Corporation determines which of the its facilities is to be utilized for the storage or throughput of a particular grain shipment based on the source of the grain shipment, the elevator location relative to the end customers, the cost of logistics to transport the grain, and the availability of space in the intended elevator.

Supply Chain Services Division

The Supply Chain Services Division utilizes the Corporation’s facilities to provide logistics services, storage and transloading for commodities and industrial products. Ceres’ key asset in its supply chain services division is Northgate. Northgate sits on approximately 1,300 acres of land in Northgate, Saskatchewan, and is designed to utilize two rail loops, each capable of handling unit trains of up to 120 railcars and three ladder tracks capable of handling up to 245 railcars. Northgate is capable of handling numerous commodities and is connected to the Burlington Northern Santa Fe Railway (“BNSF”).

In April 2015, the Corporation entered into an agreement with Elbow River Marketing (“ERM”), a wholly owned subsidiary of Parkland Fuel Corporation, to transload propane at Northgate. This provides a direct link and an added access point for propane to enter the US and Mexico market.

In November 2015, Ceres entered into an agreement with Koch Fertilizer Canada, ULC for the storage and handling of dry fertilizer products which brings fertilizer from the US to Northgate. At Northgate, Ceres unloads and warehouses fertilizer in a state-of-the art, 26,000-ton fertilizer storage terminal. The fertilizer is loaded out by Ceres into trucks and distributed to Canadian retailers. The fertilizer operation commenced on April 30, 2017.

The Corporation continues to expand products transloaded at the Northgate facility including but not limited to barite, bentonite, solvents, drilling pipe, lumber, oriented strand board ("OSB") and magnesium chloride.

For the quarters ended March 31, 2019 and March 31, 2018

Overall Performance
The Corporation's net loss was $1.2 million for the quarter ended March 31, 2019, compared to a net loss of $1.8 million in the same quarter of 2018. Contributing to the net loss was the amortization of intangible assets related to Natures Organic Grist, LLC ("NOG") of $0.9 million. Gross profit was $3.2 million for the quarter ended March 31, 2019 compared to a gross profit of $2.4 million in the same quarter of 2018 as a result of greater merchandising margins. Income from operations was $0.5 million for the quarter ended March 31, 2019 compared to a loss of $0.9 million from operations in the same quarter of 2018.

Revenues and Gross Profit
The Corporation's revenue is reported under two segments, Grain and Supply Chain Services Divisions. Revenues are predominantly generated by the sale of grain, storage and rental income, and transloading income. Since a significant portion of revenue is generated through the sale of grain, as a commercial commodities merchandizing business, revenues can vary from quarter-to-quarter due to fluctuations of agricultural commodity prices. The Corporation has the flexibility to be opportunistic in its decisions to buy, sell or hold inventory based on market conditions such as grain supply, demand, and grain values.

Total revenue decreased by $7.5 million, due to a decrease in commodity prices and the number of bushels handled and traded, but partially offset by the addition of NOG's revenue. The Corporation handled and traded 16.0 million bushels of grain and oilseed in the third quarter of fiscal year 2019 compared to 16.3 million bushels for the same quarter in fiscal year 2018. In agriculture commodity markets, cost of sales generally follow increases or decreases in gross revenues. The Corporation believes that changes in gross profits and volume handled are a more accurate reflection of its operational performance than changes in revenue.

The tables below represent a summary of the components of gross profit for the quarters ended March 31, 2019 and 2018:

	2019		
(in thousands of USD)	**Grain**	**Supply Chain Services**	**Total**
Net trading margin	$ 5,250	$ -	$ 5,250
Storage and transloading revenue	-	1,771	1,771
Operating expenses included in Cost of sales	(1,639)	(1,050)	(2,689)
Depreciation expense included in Cost of sales	(797)	(312)	(1,109)
Gross profit (loss)	$ 2,814	$ 409	$ 3,223

	2018		
(in thousands of USD)	**Grain**	**Supply Chain Services**	**Total**
Net trading margin	$ 4,230	$ -	$ 4,230
Storage and transloading revenue	-	2,525	2,525
Operating expenses included in Cost of sales	(2,190)	(892)	(3,082)
Depreciation expense included in Cost of sales	(943)	(331)	(1,274)
Gross profit (loss)	$ 1,097	$ 1,302	$ 2,399

Gross profit increased by $0.8 million in the quarter ended March 31, 2019 compared to the same quarter in 2018. The quarter over quarter increase in gross profit was the result of an increase in net trading margin.

Net trading margin
Net trading margin increased $1.0 million in the quarter ended March 31, 2019 compared to the same quarter in 2018 due to higher trading margins on cereal grains quarter over quarter, as well as the addition of NOG.

Storage and transloading revenue
Storage and transloading revenue decreased $0.8 million in the quarter ended March 31, 2019 compared to the same quarter in 2018. The Corporation's storage and transloading revenue decrease was primarily a result of the reduction in storage revenue generated from its Savage, MN facility, which was contributed to Savage Riverport, LLC on April 30, 2018 and therefore no longer consolidated within operations.

Operating expenses and depreciation
For the quarter ended March 31, 2019, operating and depreciation expense included in cost of sales decreased $0.6 million compared to the same quarter in 2018. The reduction in expenses is also a result of the contribution of the Savage facility to Savage Riverport, LLC as the Corporation did not directly incur those expenses during the quarter ended March 31, 2019.

General and Administrative Expenses
General and administrative expenses totaled $2.7 million for the quarter ended March 31, 2019 compared to $3.3 million for the same quarter in 2018. The $0.6 million decrease in general and administrative expenses is due to the Stock Appreciation Right revaluation gain of $0.3 million, the decrease in legal expenses related to the Scoular lawsuit of $0.5, partially offset by the increase in headcount resulting from the acquisition of NOG.

Finance Income (Loss)
Finance income (loss) is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation of portfolio investments, and accretion of the contingent consideration. For the quarter ended March 31, 2019, finance loss totaled $57 thousand compared to finance loss of $57 thousand for the same quarter in 2018.

Interest Expense

	Three months ended March 31,		
(in thousands of USD)	**2019**		2018
Interest on revolving credit facility	(727)	$	(461)
Interest on repurchase obligations	(14)		-
Interest on term debt	(388)		(205)
Amortization of financing costs paid	(156)		(98)
Interest income and other interest expense	(4)		(2)
Total interest expense	**$ (1,289)**	$	(766)

For the quarter ended March 31, 2019, interest expense increased $0.5 million compared to the same period in 2018. The increase related to interest on the credit facility is driven by higher average daily borrowings during the quarter ended March 31, 2019 compared to the same quarter in 2018. The refinancing of the term debt increased the outstanding principal balance to $20 million compared to $12 million outstanding on the debt for the entirety of the quarter ended March 31, 2018 therefore, increasing the term debt interest expense by $183 thousand for the quarter ended March 31, 2019. The refinancing of the Corporation's revolving credit facility ("Revolving Credit Facility") also led to an increase in amortization of financing costs paid for the quarter ended March 31, 2019.

Amortization of Intangible Assets
Amortization of intangible assets totaled $0.9 million for the quarter ended March 31, 2019 compared to nil for the same quarter in 2018, and was comprised solely of the amortization of grain and organic supply contracts acquired in the NOG acquisition. The grain contracts are amortized as bushels are delivered on those contracts. The organic supply contract is amortized on a straight-line basis over the life of the contract, which ends in June 2019.

Share of Net Income (Loss) in Investments in Associates
For the quarter ended March 31, 2019, the Corporation incurred a loss from its net share in investments in associates of $132 thousand compared to a loss of $44 thousand for the same period in 2018.

Gain (loss) on currency translation adjustment
Gains and losses pertaining to translation of foreign operations relate to net assets of CAD functional currency operations (including Northgate and Port Colborne), which are translated into USD using the rate at the reporting date. Future changes in the USD/CAD exchange rates will result in corresponding other comprehensive income or loss. For example, the Corporation will generally recognize a gain on currency translation when the CAD strengthens against the USD, and the Corporation will generally recognize a loss on currency translation when the CAD weakens against the USD.

For the quarter ended March 31, 2019, the Corporation recognized a gain on currency translation totaling $1.4 million, compared to a loss of $2.0 million for the same period in 2018. The currency translation adjustment for the quarter ended March 31, 2019 is a result of the CAD strengthening from $0.7332 USD/CAD at December 31, 2018 to $.7496 USD/CAD at March 31, 2019.

For the nine months ended March 31, 2019 and March 31, 2018

Overall Performance

The Corporation's net loss was $14.9 million for the nine months ended March 31, 2019, compared to a net loss of $2.4 million in the same period of 2018. The net loss was due primarily to the impact of the $8.2 million settlement of the Scoular lawsuit, the amortization of intangible assets of $3.0 million, and the write-down of the Corporation's Canterra portfolio investment of $1.9 million. Gross profit was $11.4 million for the nine months ended March 31, 2019 compared to a gross profit of $9.7 million in the same quarter of 2018 as a result of higher merchandising margins in the third quarter of fiscal year 2019. Income from operations was $1.4 million for the nine months ended March 31, 2019 compared to $0.8 million income from operations in the same period of 2018.

Revenues and Gross Profit

Total revenue decreased by $14.7 million for the nine months ended March 31, 2019 compared to the same period in 2018. The decrease in revenues is a result of a decline in commodity prices and the number of bushels handled and traded, but partially offset by the addition of NOG's revenue. The Corporation handled and traded 52.0 million bushels of grain and oilseed in the nine months ended March 31, 2019 compared to 60.5 million bushels for the same period in fiscal year 2018. In agriculture commodity markets, cost of sales generally follow increases or decreases in gross revenues. The Corporation believes that changes in gross profits and volume handled are a more accurate reflection of its operational performance than changes in revenue.

The tables below represent a summary of the components of gross profit for the nine months ended March 31, 2019 and 2018:

	2019		
(in thousands of USD)	**Grain**	**Supply Chain Services**	**Total**
Net trading margin	$ 16,576	$ -	$ 16,576
Storage and transloading revenue	-	6,163	6,163
Operating expenses included in Cost of sales	(5,075)	(2,994)	(8,069)
Depreciation expense included in Cost of sales	(2,398)	(919)	(3,317)
Gross profit (loss)	$ 9,103	$ 2,250	$ 11,353

	2018		
(in thousands of USD)	**Grain**	**Supply Chain Services**	**Total**
Net trading margin	$ 14,205	$ -	$ 14,205
Storage and transloading revenue	-	8,715	8,715
Operating expenses included in Cost of sales	(6,487)	(2,959)	(9,446)
Depreciation expense included in Cost of sales	(2,787)	(942)	(3,729)
Gross profit (loss)	$ 4,931	$ 4,814	$ 9,745

Gross profit increased by $1.6 million in the nine months ended March 31, 2019 compared to the same period in 2018. The period over period increase in gross profit was driven mainly by higher trading margins and lower operating expenses due to the contribution of its Savage, MN facility to Savage Riverport, LLC, offset by a decrease in storage and transloading revenue.

Net trading margin

Net trading margin increased $2.4 million in the nine months ended March 31, 2019 compared to the same period in 2018 due to higher trading margins in the Corporation's core grain division as well as the addition of NOG.

Storage and transloading revenue

Storage and transloading revenue decreased $2.6 million in the nine months ended March 31, 2019 compared to the same period in 2018. The Corporation's storage and transloading revenue decrease was primarily a result of the reduction in storage revenue generated from its Savage, MN facility, which was contributed to Savage Riverport, LLC on April 30, 2018, as well as a decrease in storage volume on third party grain storage contracts.

Operating expenses and depreciation

For the nine months ended March 31, 2019, operating and depreciation expense included in cost of sales decreased $1.8 million compared to the same period in 2018. The reduction in expenses was also a result of the contribution of its Savage, MN facility as the Corporation did not directly incur those expenses during the nine months ended March 31, 2019.

General and Administrative Expenses

General and administrative expenses totaled $9.9 million for the nine months ended March 31, 2019 compared to $9.0 million for the same period in 2018. The $0.9 million increase in general and administrative expenses was primarily due to an increase in legal fees attributable to the Scoular lawsuit as well as the increase in headcount due to the acquisition of NOG. For the nine months ended March 31, 2019, the total legal fees incurred in connection with the Scoular lawsuit were $1.3 million compared to $1.2 million during the same period in 2018.

Finance Income (Loss)

Finance income (loss) is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation of portfolio investments and accretion of the contingent consideration. For the nine months ended March 31, 2019, finance loss totaled $2.0 million compared to finance loss of $0.4 million for the same period in 2018. The increase in finance loss of $1.6 million was driven by the recognition of a $1.9 million loss on the revaluation of portfolio investments in the period ended March 31, 2019 compared to $0.5 million in the same period in 2018.

Interest Expense

	Nine months ended March 31,			
(in thousands of USD)		**2019**		2018
Interest on revolving credit facility		(1,855)	$	(1,452)
Interest on repurchase obligations		(152)		(37)
Interest on term debt		(865)		(699)
Amortization of financing costs paid		(597)		(352)
Interest income and other interest expense		(17)		(2)
Total interest expense	**$**	**(3,486)**	$	(2,542)

For the nine months ended March 31, 2019, total interest expense increased by $0.9 million. The interest expense on the Revolving Credit Facility increased $0.4 million compared to the same period in 2018. The increase was driven by higher average daily borrowings against the Revolving Credit Facility during the nine months ended March 31, 2019 compared to the same period in 2018. The Corporation also refinanced its term loan, which accelerated the amortization of financing costs of $0.3 million related to the previous term loan. The Corporation recognized increased amortization of financing costs paid due to entering into the Revolving Credit Facility.

Amortization of Intangible Assets
Amortization of intangible assets totaled $3.0 million for the nine months ended March 31, 2019 compared to nil for the same period in 2018. Amortization of intangible assets is composed of the amortization of contracts identified in the NOG acquisition. The open grain contracts are amortized as bushels are delivered on those contracts. The organic supply contract is amortized on a straight-line basis over the life of the contract, which ends in June 2019.

Legal Settlement
On October 5, 2018, the Corporation settled the Scoular lawsuit for $11.3 million, of which $3.1 million was previously accrued, resulting in the recognition of an $8.2 million expense recorded on the Interim Condensed Consolidated Statement of Comprehensive Income (Loss) for the nine months ended March 31, 2019. As at March 31, 2019, the $11.3 million settlement payment obligation has been paid in full.

Share of Net Income (Loss) in Investments in Associates
For the nine months ended March 31, 2019, the Corporation's net share from investments in associates was a loss of $0.3 million compared to a loss of $0.2 million for the same period in 2018.

Gain (loss) on currency translation adjustment
Gains and losses pertaining to translation of foreign operations relate to net assets of CAD functional currency operations (including Northgate and Port Colborne), which are translated into USD using the rate at the reporting date. Future changes in the USD/CAD exchange rates will result in corresponding other comprehensive income or loss. For example, the Corporation will generally recognize a gain on currency translation when the CAD strengthens against the USD, and the Corporation will generally recognize a loss on currency translation when the CAD weakens against the USD.

For the nine months ended March 31, 2019, the Corporation recognized a loss on currency translation totaling $1.1 million, compared to a gain of $0.4 million for the same period in 2018. The currency translation adjustment for the nine months ended March 31, 2019 is a result of the CAD weakening from $0.7616 USD/CAD at June 30, 2018 to $.7496 USD/CAD at March 31, 2019. During the prior year, the CAD strengthened from $0.7724 USD/CAD at June 30, 2017 to $0.7763 at March 31, 2018 resulting in a gain on the translation of the CAD functional currency operations.

2. QUARTERLY FINANCIAL DATA

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
(in thousands of USD except per share)	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Revenues	$ 90,594	$ 122,820	$ 88,432	$ 92,809	$ 98,106	$ 89,569	$ 130,638	$ 112,178
Gross profit (loss)	$ 3,223	$ 3,046	$ 4,989	$ 1,925	$ 2,399	$ 4,283	$ 3,063	$ 52
Income (loss) from operations	$ 477	$ (364)	$ 1,222	$ (971)	$ (933)	$ 1,162	$ 519	$ (2,522)
Net income (loss)	$ (1,240)	$ (5,159)	$ (7,774)	$ 1,829	$ (1,802)	$ 224	$ (806)	$ (4,040)
Return on shareholders' equity[1]	-0.9%	-3.9%	-5.5%	1.2%	-1.2%	0.1%	-0.5%	-2.7%
Basic weighted-average number of common shares for the quarter	27,935	27,935	27,935	27,935	27,935	27,917	27,910	27,947
Dilutive weighted-average number of common shares for the quarter	28,122	28,122	27,935	27,935	27,935	27,917	27,910	27,947
Basic and fully diluted earnings (loss) per share	$ (0.04)	$ (0.18)	$ (0.28)	$ 0.07	$ (0.06)	$ 0.01	$ (0.03)	$ (0.14)
EBITDA[1]	$ 1,543	$ (1,225)	$ (5,843)	$ 3,884	$ 302	$ 2,333	$ 1,524	$ (1,720)
EBITDA per share	$ 0.06	$ (0.04)	$ (0.21)	$ 0.14	$ 0.01	$ 0.08	$ 0.05	$ (0.06)
Litigation expenses (Scoular)[1]	$ (5)	$ (147)	$ (9,385)	$ (327)	$ (457)	$ (458)	$ (276)	$ (21)
Shareholders' equity, as at reporting date	$ 131,584	$ 131,628	$ 140,868	$ 147,497	$ 147,116	$ 150,761	$ 151,094	$ 148,759
Shareholders' equity per common share, as at reporting date	$ 4.71	$ 4.71	$ 5.04	$ 5.00	$ 5.00	$ 5.40	$ 5.41	$ 5.33
Volumes (*in thousands of tonnes*)								
Total Product Handled and Traded	478	511	495	439	420	456	714	758

3. LIQUIDITY & CASH FLOW

(in thousands of USD)	Nine months ended March 31, **2019**	2018
Net Cash Provided by (Used in)		
Operating activities	$ (37,391)	$ 34,078
Investing activities	(6,321)	(2,830)
Net Cash Provided (Used) Before Financing Activities	**(43,712)**	31,248
Financing Activities	45,174	(29,776)
Foreign Exchange Cash Flow Adjustment on Accounts Denominated in a Foreign Currency	2	9
Increase (Decrease) in Cash	**$ 1,464**	$ 1,481

Operating Activities
Cash used in operating activities was $37.4 million for the nine months ended March 31, 2019. The $71.5 million change period-over-period in operating cash flow was primarily driven by the changes in inventory levels. Of the $37.4 million used in operating activities for the nine months ended March 31, 2019, $34.8 million relates to the increase in inventory. For the same nine-month period in 2018, the Corporation decreased its inventory levels contributing $36.9 million to total cash provided by operating activities of $34.1 million.

Investing Activities
During the nine months ended March 31, 2019, cash used in investing activities was $6.3 million compared to $2.8 million for the same period in 2018. The increase in cash used in investing activities was primarily driven by the acquisition of NOG and the payment for property plant and equipment that had previously been accrued related to Northgate and was reclassed during the second quarter due to the Scoular lawsuit settlement.

Financing Activities
During the nine months ended March 31, 2019, the Corporation had $45.2 million in cash provided by financing activities. For the same period in 2018 the Corporation had $29.8 million in cash used in financing activities. The increase of cash provided by financing activities was primarily due to an increase of borrowings on the revolving line of credit to finance the increase in inventory. Additionally, during the nine months ended March 2019, the Corporation refinanced its term debt resulting in a net cash provided by financing activities of $10.0 million.

Available Sources of Liquidity
The Corporation's sources of liquidity as at March 31, 2019 include available funds under the Revolving Credit Facility. Management believes that cash flow from operations will be adequate to fund operating expenditures, maintenance capital, interest, and any income tax obligations. Growth capital expenditures in the next twelve months are expected to be funded by cash on hand and borrowing against the Credit Facility. Any additional debt incurred is expected to be serviced by the anticipated increases in cash flow and will only be borrowed within the Corporation's debt covenant limits.

In addition, the Revolving Credit Facility at March 31, 2019 contains certain covenants, including a covenant that the Corporation maintain minimum working capital of not less than $25.0 million. As at March 31, 2019 the Corporation's working capital – defined as current assets less current liabilities – totaled $37.2 million. In addition to working capital, the covenants include the maintenance of "consolidated debt" to "consolidated EBITDA" (as defined in the agreement) of not more than 5.0 to 1.0 and consolidated tangible net worth of not less than $120.0 million. As at March 31, 2019, the Corporation was in compliance with all of its financial covenants.

Liquidity risk

As at March 31, 2019 and June 30, 2018, the following are the contractual maturities of financial liabilities, excluding interest payments:

March 31, 2019 *(in thousands of USD)*	Carrying Amount	Contractual Cash Flows	1 Year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 46,675	$ 46,675	$ 46,675	$ -	$ -	$ -
Accounts payable and accrued liabilities	19,152	19,152	19,152	-	-	-
Accounts payable due to associates	20	20	20			
Unrealized losses on open cash contracts	2,363	2,363	2,363	-	-	-
Long-term debt	19,583	20,000	5,000	5,000	10,000	-
Contingent consideration	1,433	1,600	600	500	500	-
Operating lease obligations	-	3,184	754	672	1,008	750
Capital lease obligations	29	33	8	8	17	-

June 30, 2018 *(in thousands of USD)*	Carrying Amount	Contractual Cash Flows	1 Year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 10,910	$ 11,000	$ 11,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	16,574	16,574	16,574	-	-	-
Accounts payable due to associates	36	36	36			
Unrealized losses on open cash contracts	3,323	3,323	3,323	-	-	-
Long-term debt	9,661	10,000	5,000	5,000		-
Operating lease obligations	-	1,213	475	388	350	-
Capital lease obligation(s)	45	52	11	10	31	-

Future expected operating cash flows and sufficient assets are available to fund the settlement of these obligations in the normal course of business. In addition, the following factors allow for the substantial mitigation of liquidity risk: the prompt settlement of amounts due from brokers, the active management of trade accounts receivable and the lack of concentration risk related thereto. The Corporation's cash flow management activities and the continued likelihood of its operations further minimize liquidity risk.

4. CAPITAL RESOURCES

The Corporation utilizes the Revolving Credit Facility to finance its grain trading operations, which primarily consist of purchases of grain inventories, financing of accounts receivable, and hedging activities, less accounts payable. Levels of short-term debt fluctuate based on changes in underlying commodity prices and the timing of grain purchases.

Revolving Credit Facility
As disclosed in the Interim Condensed Consolidated Financial Statements for the three and nine months ended March 31, 2019, on February 14, 2019, the Corporation entered into a fourth amended and restated credit agreement led by Macquarie Bank Limited, as administrative agent on behalf of a syndicate group of lenders which includes Bank of Montreal and Cooperatieve Rabo Bank U.A. The Revolving Credit Facility increases the amount of the revolving facility available to Ceres from $67.5 million to $80 million, with the potential to access an accordion feature that would provide an additional $20 million. The Revolving Credit Facility matures on February 13, 2020. The interest rate under the Revolving Credit Facility reflects a reduction of 50 basis points from Ceres' prior revolving facility and borrowings bear an annual interest rate of 3.375% plus overnight LIBOR, and interest is calculated and paid on a monthly basis. The Revolving Credit Facility is subject to borrowing base limitations. Amounts under the Revolving Credit Facility that remain undrawn are not subject to a commitment fee. The Revolving Credit Facility has certain covenants pertaining to the accounts of the Corporation, and as at March 31, 2019, the Corporation was in compliance with all covenants.

Term Loan
On December 30, 2014, Ceres entered into a senior secured term loan facility agreement with Macquarie Bank Limited ("Macquarie Term Loan") for $25.0 million with a term of 5 years. As at June 30, 2018, the outstanding principal balance on the Macquarie Term Loan was $10.0 million with a balance of unamortized financing costs of $0.4 million.

On November 15, 2018, the Corporation entered into a $20.0 million term loan agreement with Bixby Bridge Fund IV, LLC ("Bixby Term Loan"). A portion of the proceeds of the Bixby Term Loan were used to repay all amounts outstanding under the Macquarie Term Loan. The Bixby Term Loan is secured primarily by mortgages on Ceres' elevator facilities, including one in Northgate, SK, one in Duluth, MN, and two in Minneapolis, MN. The Bixby Term Loan has a term of 4 years with annual principal payments of $5.0 million due November 15, 2019; November 15, 2020; November 15, 2021; and November 15, 2022. Pursuant to the agreed upon conditions of the Bixby Term Loan, Ceres may, at its discretion, repay the balance of the loan at any time subject to typical notice requirements. This loan has an annual interest rate of 5.25% plus one-month LIBOR.

5. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Changes in Accounting Policies and Standards Issued but Not Yet Effective
Refer to Note 4 of the Unaudited Interim Condensed Consolidated Financial Statements for information pertaining to accounting changes and information on standards issued but not yet effective for the period ending March 31, 2019.

Critical Accounting Estimates
The discussion and analysis of Ceres' financial condition and results of operations are based upon the Corporation's Interim Condensed Consolidated Financial Statements, which have been prepared in accordance with IFRS. Ceres' significant accounting policies and accounting estimates are contained in the Annual Consolidated Financial Statements (see Notes 3 and 4, respectively, for the description of policies or references to notes where such policies are contained). The critical accounting estimates are valuation of investments; valuation of inventories and commodity derivatives; because they require Ceres to make assumptions about matters that are potentially uncertain at the time the accounting estimate is made and due to the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

6. OUTLOOK

Grain Division
Market conditions started slightly better than expected during the third quarter (January – March 2019) and turned negative near the end due to extreme flooding and poor railroad performance. Faster than expected snow melt and rains caused extreme flooding in critical areas of the Missouri and Mississippi rivers, forcing the BNSF and Union Pacific railroads to shut down portions of their main lines and access to many facilities. This caused service issues across the network and significant delays: at the peak trains were arriving around 40 days late and they are still 20-30 days behind today. As a result, many companies in the industry incurred significant costs stemming from the need to buy spot trains in the secondary market to fill customer contracts. The Corporation's merchandizing opportunities through the month of March were diminished due to unavailability of trains to move grain from our facilities to our customers. Despite those challenges, the Corporation managed to avoid major unplanned costs by leveraging the versatility of its broader terminal network and its access to different modes of transportation to supply customers within contract tolerances. For the quarter overall, durum and oat margins were favorable as Canadian supply was competitive into the U.S. In addition, organic product margins were attractive as higher supplies provided ample opportunities to buy in previously made sales. Meanwhile, wheat and canola provided steady merchandizing opportunities and results for the quarter.

Looking forward, cash merchandizing opportunities across core products are expected to remain steady through the remainder of the fiscal year (April – June 2019), and improve into the first quarter of the 2020 fiscal year (July – September 2019). The spring wheat and durum markets have developed carries, which will offset interest costs from carrying inventories. In addition, traded volumes across most of the core products are expected to increase as harvest nears and existing on-farm inventories are high, providing opportunities to merchandize more volume and utilize capacity across the Ceres asset network. Lastly, organic products merchandized through NOG are expected to remain steady through the current fiscal year and increase into the first quarter of the 2020 fiscal year.

At the Corporation's Annual General Meeting on November 14, 2018, Ceres' leadership team presented its strategy to add grower origination assets to its existing terminal network in order to bring more value to its customers. Consistent with this strategy, the Corporation announced in its most recent MD&A that it had entered into a non-binding letter of intent to acquire a company possessing grower origination assets. That LOI is still in effect and the Corporation has entered into another non-binding LOI to partner in a venture that would further add to the Corporation's origination capabilities. If consummated, both potential transactions are expected to have significant positive impact on Ceres' grower origination objectives. The Corporation is presently engaged in due diligence with respect to both potential transactions and will have more to report in the future.

Supply Chain Services Division
Volumes in non-Ag product-lines were negatively affected during parts of the third quarter due to extreme cold that caused operational challenges, especially with respect to natural gas liquids ("NGLs"). Despite this, gross margins for the segment were still nearly 90% of the previous quarter, which was in line with initial expectations given the seasonal slowdown typically experienced during the January – March period. Volumes are expected to rebound in the fourth quarter of fiscal year 2019 and continue to grow into the first quarter of fiscal year 2020.

The Corporation previously advised of its efforts to explore opportunities to build out and further develop its energy and industrial products transloading business, including the potential to handle additional types of energy and industrial products. Consistent with that objective, the Corporation announced that it had entered into a letter of intent with an oil and gas industry participant to form a joint venture at Northgate. Ceres' intended partner in the potential JV is Calgary-based Steel Reef Infrastructure Corp. ("Steel Reef"), a mid-stream company targeting strategic infrastructure projects in the Western Canadian Sedimentary Basin and Williston Basin. The potential JV would involve handling natural gas liquids and condensates at Northgate for movements by rail connecting Canadian and US markets. The parties are currently negotiating definitive agreements. In order to capitalize on seasonal customer contracting opportunities, the Corporation and Steel Reef have begun jointly marketing the anticipated service capabilities of the potential JV.

Ag product supply chain volumes were down in the third quarter. Barley makes up the largest percentage of product in this category and volumes are down as malting companies contracted fewer acres over the past two crop years and supply chain needs have scaled back. Volumes are expected to slightly drop over the next 6 months.

With expected increases in volumes from existing products, exploration and ultimately development of liquid energy infrastructure, and continued focus on development of a broader portfolio of products, the Corporation expects steady growth from the transload and supply chain service business at Northgate and across Ceres' terminal network which will help offset the decline in the third-party grain storage agreements.

7. OTHER

CONTROLS ENVIRONMENT

Disclosure Controls and Procedures

Ceres maintains appropriate information systems, procedures, and controls to ensure that new information disclosed externally is complete, reliable, and timely. National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and that they have, as at March 31, 2019, designed the DC&P (or have caused such DC&P to be designed under their supervision) to provide reasonable assurance that material information relating to Ceres is made known to them by others, particularly during the period in which Ceres' annual filings are being prepared, and that information required to be disclosed by Ceres in its annual filings, interim filings or other reports filed or submitted by Ceres under applicable securities legislation is recorded, processed, summarized, and reported within the time periods specified in applicable securities legislation.

Internal Controls over Financial Reporting

NI 52-109 also requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining internal control over financial reporting ("ICFR") and that they have, as at March 31, 2019, designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used by the Chief Executive Officer and the Chief Financial Officer to design Ceres' ICFR is the *Risk Management and Governance: Guidance on Control* (COCO Framework) published by CPA Canada. There have been no material changes in the Corporation's internal control over financial reporting during the quarter ended March 31, 2019 that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Corporation's financial instruments and other instruments, including a discussion of risks and relevant risk sensitivities, can be found in Note 6 of the Interim Condensed Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

Ceres has operating lease commitments that are not recorded on the balance sheet. Refer to note 6 of the interim condensed consolidated financial statements for the schedule of the contractual maturities of operating lease obligations.

RELATED-PARTY TRANSACTIONS

The remuneration of key management personnel of the Corporation, which includes both members of the Board of Directors and leadership team including the President and CEO, CFO and vice presidents, is set out below in aggregate:

	Three months ended March 31,		Nine months ended March 31,	
(in thousands of USD)	**2019**	2018	**2019**	2018
Employee/director salaries and benefits	$ 480	$ 228	$ 1,245	$ 747
Share-based compensation	166	120	444	260
	$ 646	$ 348	**$ 1,689**	$ 1,007

Savage Riverport, LLC

Ceres routinely transacts business directly with Savage Riverport, LLC. Such transactions are in the ordinary course of business and include storage and elevation fees for grain storage, as well as management fees. Related party revenue of $60 thousand is included in total revenue in the Consolidated Statements of Net and Comprehensive Income (Loss) for the third quarter of fiscal year 2019. Related party expenses recorded in cost of sales are $1.0 million for the third quarter of fiscal year 2019. As at March 31, 2019, the accounts receivable, due from Savage Riverport, LLC totaled $0.1 million and accounts payable, due to Savage Riverport, LLC totaled $20 thousand. Savage Riverport, LLC was formed on April 30, 2018 and, as such, there were no revenues or cost of sales for the period ended March 31, 2018.

Bixby Term Loan

An affiliate of Bixby Bridge Fund IV, LLC ("the Lender"), separate and distinct from the Lender, holds an indirect, minority investment in Ceres and, therefore, the Lender, and/or this affiliate, may be a related party of the Corporation. The Bixby Term Loan was negotiated on arm's length terms after consideration of other financing alternatives under the supervision of members of the Corporation's Board of Directors who are independent of the Lender.

SHARES OUTSTANDING

As at May 8, 2019, the issued and outstanding equity securities of the Corporation consisted of 27,934,991 common shares. In addition, the Corporation has 1,934,887 stock options outstanding with a weighted-average exercise price of C$5.20 per common share and 331,091 deferred share units outstanding.

8. NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

Certain financial measures in this MD&A and discussed below are not prescribed by and do not have a standardized meaning under IFRS. As such, they are unlikely to be comparable to similar measures presented by other issuers. These non-IFRS financial measures are included because management uses the information to analyze leverage, liquidity, and operating performance.

Earnings Before Interest, Income Taxes, Depreciation and Amortization

The Corporation believes the presentation of EBITDA can provide useful information to investors and shareholders as it provides increased transparency. EBITDA is one metric that is used by management to determine the Corporation's ability to service its debt and finance capital. EBITDA excludes gains and losses on property, plant and equipment and assets held for sale, gains and losses on equity investments as these items are considered to be outside of the routine operations of the Corporation.

The following table is a reconciliation of EBITDA for Ceres on a consolidated basis for the three and nine months ended March 31, 2019 and 2018:

	Three months ended March 31,		Nine months ended March 31,	
(in thousands of USD)	**2019**	2018	**2019**	2018
Net income (loss) for the period	$ (1,240)	$ (1,802)	$ (14,912)	$ (2,382)
Interest Expense	1,289	766	3,486	2,542
Loss (Gain) on sale or property, plant and equipment	(691)	-	(696)	63
Income taxes (recovered)	1	2	5	(60)
Share of net (income) loss in investments in associates	132	44	282	212
Amortization of intangible assets	929	-	3,041	-
Depreciation on property, plant and equipment	1,123	1,292	3,364	3,787
	$ 1,543	$ 302	**$ (5,430)**	$ 4,162

Return on Shareholders' Equity

Ceres believes that the return on shareholders' equity can be an effective measure used to evaluate the performance of the business over time. Management uses this metric to analyze performance and set targets. Return on shareholders' equity is the quotient of the net income (loss) for the period and the total shareholders' equity as at the reporting date.

The following table is a calculation of return on shareholders' equity for the three and nine months ended March 31, 2019 and 2018:

	Three months ended March 31,		Nine months ended March 31,	
(in thousands of USD)	**2019**	2018	**2019**	2018
Net income (loss) for the period	$ (1,240)	$ (1,802)	$ (14,912)	$ (2,382)
Total shareholders' equity as at reporting date	$ 131,584	$ 150,958	$ 131,584	$ 147,116
	-0.9%	-1.2%	**-11.3%**	-1.6%

Litigation Expense (Scoular)

The following table is a calculation of the total litigation expenses in relation to the Scoular case for the three and nine months ended March 31, 2019 and 2018:

	Three months ended March 31,		Nine months ended March 31,	
(in thousands of USD)	**2019**	2018	**2019**	2018
Legal settlement	$ -	$ -	$ (8,228)	$ -
Legal fees	(5)	(475)	(1,309)	(1,209)
Total litigation expense	**$ (5)**	$ (475)	**$ (9,537)**	$ (1,209)

Adjusted Net Income (Loss)

The Corporation believes that adjusted net income (loss) can be an effective measure used to evaluate its profitability by excluding unusual items. In calculating adjusted net income, Ceres excludes gain (loss) on sale or impairment of property, plant and equipment, income (loss) from investments in associates, revaluation of warrants, gain (loss) on equity investments, legal expenses related to ongoing litigation and one-time write-downs. The total legal and settlement expenses incurred for the Scoular case, from inception to settlement, were $15 million. Ceres may calculate adjusted net income differently than other companies; therefore, Ceres' Adjusted Net Income (Loss) may not be comparable to similar measures presented by other issuers.

The following table is the adjusted net income (loss) for the three and nine months ended March 31, 2019, and 2018:

	Three months ended March 31,		Nine months ended March 31,	
(in thousands of USD)	**2019**	2018	**2019**	2018
Net income (loss)	$ (1,240)	$ (1,802)	$ (14,912)	$ (2,382)
Loss (gain) on sale of property, plant and equipment	(691)	-	(696)	63
Ongoing litigation expense (Scoular)	5	475	9,537	1,209
Loss (gain) on investments in associates	132	44	282	212
Revaluation of portfolio investments	-	-	1,885	486
Adjusted net income (loss)	**$ (1,794)**	$ (1,283)	**$ (3,904)**	$ (412)

9. KEY ASSUMPTIONS & ADVISORIES

FORWARD LOOKING INFORMATION

This interim MD&A contains information that is "forward-looking information", "forward-looking statements" and "future oriented financial information" (collectively herein referred to as "forward-looking statements") within the meaning of applicable securities laws. Forward-looking statements in this document may include, among others, statements regarding future operations and results, anticipated business prospects and financial performance of Ceres and its subsidiaries, expectations or projections about the future, strategies and goals for growth, expected and future cash flows, costs, planned capital expenditures, additional anticipated capital projects, construction and completion dates, including plans to further develop the NLC, operating and financial results, critical accounting estimates and the expected financial and operational consequences of future commitments.

Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "outlook", "likely", "probably", "going forward", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", "may have implications" or similar words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking statements in this document are intended to provide Ceres' shareholders and potential investors with information regarding Ceres and its subsidiaries, including management's assessment of future financial and operational plans and outlook for Ceres and its subsidiaries.

Forward-looking statements are based on the opinions and estimates of management at the date the information is made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Actual results or events may differ from those predicted in these forward-looking statements. All of the Corporation's forward-looking statements are qualified by the assumptions that are stated or inherent therein, including the assumptions listed below. Although Ceres believes these assumptions are reasonable, this list is not exhaustive of factors that may affect any of the forward-looking statements.

KEY ASSUMPTIONS & ADVISORIES

Key assumptions have been made in connection with the forward-looking statements in this interim MD&A. These assumptions include, but are not limited to, the following:

- No material change in the regulatory environment in Canada and the United States;
- Supply and demand factors as well as the pricing environment for grains and other agricultural commodities;
- Fluctuation of currency and interest rates;
- General financial conditions for Western Canadian and American agricultural producers;
- Market share that will be achieved by the Corporation;
- Adequate and timely service from the railroads, and in particular from the BNSF at Northgate;
- The ability of Ceres to effectively operate Northgate;
- Realization of economic benefits resulting from the synergies with NLC; and
- The Corporation's ability to maintain existing customer contracts and relationships and incrementally increasing its overall customer portfolio.

The preceding list is not an exhaustive list of all possible factors. All factors should be considered carefully when making decisions with respect to Ceres. Many such factors and events are not within the control of Ceres. Factors that could cause actual results or events to differ materially from current expectations include, among others, risks related to weather, politics and governments, changes in environmental and other laws and regulations, competitive factors in the agricultural, food processing and feed sectors, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments, global and local economic conditions, the ability of Ceres to successfully implement strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of the Corporation's assets, the availability and price of commodities, and the regulatory environment, processes and decisions. Ceres has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements. However, there may be other factors that might cause actions, events or results that are not anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information.

By its nature, forward-looking information is subject to various risks and uncertainties, including those risks discussed in other sections of this interim MD&A and in other filings and communications, any of which could cause Ceres' actual results and experience to differ materially from the anticipated results or published expectations. Additional information on these and other factors is available in the reports filed by Ceres with Canadian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date of this interim MD&A or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. Ceres undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, change in management's estimates or opinions, future events or otherwise, except as required by law.